CANADIAN CONSULATE GENERAL - BUFFALO
OVERVIEW OF TERRITORY

UNITED STATES
Marcia M. Grove, Business Development Officer
Canadian Consulate General
3000 HSBC Center
Buffalo, New York 14203
Tel: 716-858-9555
Fax: 716- 852-4340
E-Mail: marcia.grove@dfait-maeci.gc.ca
www.canada-congenbuffalo.org

Market Overview

The Canadian Consulate General, in Buffalo New York, is responsible for promoting Canadian opportunities in the upstate New York, western Pennsylvania, and W. Virginia markets. The New York portion of the Buffalo Consulate territory, which is commonly referred to as "upstate", encompasses western, central and northern New York. This territory consists of 39 counties (with major cities such as Buffalo, Rochester and Syracuse) with a total population of 4.5 million. The remainder of the state is covered by our Consulate General in New York City. The upstate New York market lies within a one day trucking radius of 52% of all U.S. manufacturing activity; borders the provinces of Ontario and Quebec and is accessible from Canada by six border crossing, with the majors commercial crossings being the Peace Bridge, Lewiston-Queenston, Alexandria Bay and Champlain, N.Y.

The Consulate territory of western Pennsylvania mainly covers the cities of Pittsburgh and Erie, Pennsylvania with a total population of 2.6 million in the metropolitan areas. Although this market has no direct border access to Canada, it adjoins New York along the southern border and has proven to be a natural next step toward market expansion for the eastern portion of the United States.

The vast majority of West Virginia's 2 million population lie on the state's borders with Pennsylvania, Ohio, Kentucky and Virginia. The state of West Virginia is located within 500 miles of 60% of the U.S. Population. Based on the information provided in our food industry resources, it appears that most food related buying decisions, whether it be within the retail or food service sectors, take place outside of this market.

Several of the nations well respected retailers and wholesalers are situated within the Buffalo Consulate territory:

Store	Headquarters	National Ranking	No. Stores	U.S. 1999 Sales
Giant Eagle (R&W)	Pittsburgh, Pa.	12	198	$4.3 billion
TOPS Markets (R)	Buffalo, N.Y.	16	200	$2.9 billion
Wegmans Markets (R)	Rochester, N.Y.	18	63	$2.3 billion
Penn Traffic (W)	Syracuse, N.Y.	9	366	$2.8 billion
Olean Wholesale (W)	Olean, N.Y.	42	120	$142 million

R=Retail W=Wholesaler

Opportunities

One of the major advantages for Canadian companies doing business in this market is its close proximity to their headquarters and manufacturing facilities. With on-time delivery becoming more and more of an issue, this market's one day delivery capabilities have helped to make it very attractive, especially as a starting point. Demand has been strong in the industry for products that are distinctive, high quality, private-label, natural, convenient, nutraceutical and foods of ethnic origin. In addition to the above, there are numerous other advantages to doing business in the upstate New York and western Pennsylvania markets.

- The market shares similar cultural traits, language and tastes of Canadian consumers.

- The market shares similar market trends and economies with the Canadian market.

- It is a proven testing ground for new food products because of its demographic make-up.

- The upstate New York and western Pennsylvania markets are mature, small self contained markets that are manageable starting points.

- The Buffalo Consulate has a close working relationship with the Buffalo district of the U.S. Food and Drug Administration and US. Customs. Both agencies, in cooperation with the Consulate, have developed educational seminars for Canadian companies to assist them in getting "export ready".

- Large grocery retail companies in the market area, such as Tops, Wegmans and Giant Eagle are open to testing Canadian food products.

Market Access Considerations

There are two market access issues to deal with when entering the U.S.; meeting the U.S. government laws and regulations necessary to move product through the border and the correct channel of distribution for your product and company needs.

It is imperative that each new exporter prepares their product and company to meet the various U.S. government regulations. The two major food regulatory agencies in the U.S. are: the U.S. Food and Drug Administration that regulates most food and beverage products and requires a standardized label along with nutritional labelling on all retail/packaged products; the U.S. Dept.

of Agriculture is responsible for all meat (over 3%) and poultry products. Although the label laws are very similar for both agencies, the process required in reaching admissibility is quite different. It is most important that companies either check with the government agency websites or area Consulates for assistance.

The distribution channels for movement of goods into this market is similar to that of the rest of the U.S. The four most common and accepted channels are through the services of a reputable food broker, food distributor (specialty products), food service distributor and direct sales to the buying group of each chain. The advantage of using the services of an experienced broker or distributor is that they have developed, over the years, a working relationship with the store's category managers and buyers. They can provide invaluable insight into the store's purchasing philosophy, advertising practices, who your competitors are and pricing structures. Selling direct to the buying group is also accepted by many of the chains as this approach can ensure a more favourable price.

When approaching a market, the company should take into consideration their financial capabilities to support their product "brand" in a new market. We have found that unless a Canadian company has a very unique product and/or packaging to offer, it can be very difficult and expensive for them to compete against many of the already accepted domestic brands in the new market. Most chains will require some form of year round advertising program to promote your product in addition to slotting fees. These two requirements alone can pose a problem for many of our small to medium sized manufacturers. Fortunately, in our market, Tops, Wegmans and Giant Eagle are very interested in supporting their own private label programs, which has proven to be the least expensive and easiest way for our companies to enter the market.

Other Useful Information Sources/Websites

U.S. Food and Drug Administration - www.FDA.gov
U.S. Dept. of Agriculture - www. USDA.gov.
Infoexport Source - www. Infoexport.gc.ca
ExportSource:http//exportsource.gc.ca
Strategis - www.strategis.ic.gc.ca
Agri-Food Trade Service: http://ats.agr.ca